

REPUBLIC ACT NO. 7949

AN ACT AMENDING THE FRANCHISE OF THE PHILIPPINE COMMUNICATIONS SATELLITE CORPORATION AS GRANTED UNDER REPUBLIC ACT NO. 5514, ENTITLED "AN ACT GRANTING THE PHILIPPINE COMMUNICATIONS SATELLITE CORPORATION A FRANCHISE TO ESTABLISH AND OPERATE GROUND SATELLITE TERMINAL STATION OR STATIONS FOR TELECOMMUNICATION WITH SATELLITE FACILITIES AND DELIVERY TO COMMON CARRIERS," FOR THE PURPOSE OF GRANTING THE AFORESTATED CORPORATION AN EXTENDED TERM AND EXPANDED FRANCHISE, AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. Republic Act No. 5514 is hereby amended to read as follows:

"SECTION 1. Subject to the provisions of the Constitution and applicable laws, there is hereby granted to the Philippine Communications Satellite Corporation, its successors or assigns, hereinafter referred to as the 'grantee,' a franchise to establish, construct, maintain, operate, own, manage, lease and purchase, in the Philippines, at such places as the grantee may select, station or stations, telecommunications systems, lines, cable or systems and associated equipment and facilities for international and domestic communications, including but not limited to satellite transmissions, for any and all forms or types of telecommunications services with authority to receive and transmit messages, facsimile, impressions, pictures, music, data, and voice, without however engaging in broadcasting, telecasting and cable television services, throughout the Philippines and between the Philippines and other countries and territories, ships at sea, aircrafts and other conveyances, stations, and

telecommunications systems of other countries. This franchise include the right and privilege of cable and wireless operations, such as but not limited to telephone, mobile, cellular and wired or wireless telecommunications systems, fiber optics, multi-channel transmission distribution system, satellite transmit, receive and other telecommunications systems and their value-added services, control signals, audio and video, information service bureau and other telecommunications systems/technologies as are at present available or be made available through technological/technical advances or innovations in the future, and to purchase any or all of the equipment and materials needed in its operations; and to establish, construct, maintain, operate, own, manage, lease and purchase transmitting and receiving stations, switching stations and gateway facilities, for local and international services, lines, cables or systems as may be convenient to efficiently carry out the purpose of this franchise. The grantee, its successors or assigns, are further authorized to connect and keep connected its telecommunications systems in the Philippines and other countries and territories. The grantee shall be authorized to lease or acquire facilities, channels or circuits in the pursuance of its business.

"SEC. 2. Insofar as may be reasonably necessary to the establishment, maintenance, acquisition, construction, lease, management, and operation of its stations, lines, cables, systems, or other facilities, the grantee is hereby authorized to exercise the right of eminent domain. In no case shall private property be taken without proper condemnation proceedings and just compensation paid or tendered therefor.

"SEC. 3. As herein amended, the franchise granted to the Philippine Communications Satellite Corporation is hereby extended by another twenty-five (25) years from June 21, 1994, to expire on June 21, 2019.

"SEC. 4. The President of the Philippines shall, through the proper government agency, exercise such supervision and control over relationships of the grantee with foreign governments or entities or with international bodies as may be appropriate to assure that such relationships shall be consistent with the national interest and policies. He shall take all necessary steps to insure

appropriate utilization of the grantee's facilities for general governmental purposes whenever necessary.

"SEC. 5. The grantee is placed under the jurisdiction, control and regulation of the National Telecommunications Commission, including all its facilities and services, and the fixing of rates.

"SEC. 6. A special right is reserved to the government in time of war, insurrection, or national emergency, upon direction and order of the President, to take over and operate the said station or stations, lines, cables or systems without compensating the grantee for the use of said facilities during the period when they are operated by the government.

"SEC. 7. The grantee shall keep an account of the gross receipts of its business and shall furnish the Commission on Audit and the National Telecommunications Commission with a copy of such accounts not later than the thirty-first day of January of each year for the preceding year. All the books and accounts of the grantee pertaining to its business shall be subject to the official inspection of the Commission on Audit or its authorized representative and the audit and approval of such accounts shall be final and conclusive evidence as to the amount of said gross receipts, except that the grantee shall have the right to appeal to the courts under the terms and conditions provided in the laws of the Philippines.

"SEC. 8. The grantee, its successors or assigns, shall be liable to pay the same taxes on its real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations engaged in telecommunications services are now or hereafter may be required by law to pay. In addition, the grantee, its successors or assigns, shall pay to the Treasurer of the Philippines each year, within thirty days after the audit and approval of the accounts as prescribed in Section Seven of this Act, a franchise tax equivalent to three *per centum* (3%) on all gross receipts of its business transacted under this franchise by the grantee, its successors or assigns.

"SEC. 9. For the purpose of erecting and maintaining poles or other supports for wires or other conductors or for the purpose of laying and maintaining underground said wires, cables, or other conductors, it shall be lawful for the grantee, its successors or assigns, with the prior approval of the Department of Public Works and Highways, to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks or bridges of said provinces, cities and municipalities.

"SEC. 10. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise to any person or entity, without the previous approval of the Congress of the Philippines: *Provided*, That the grantee may enter into management contract with any person or entity, who must be a citizen of the Philippines and in case of an entity or a corporation, at least sixty *per centum* (60%) of the capital or capital stock of which is owned by citizens of the Philippines.

"SEC. 11. The grantee shall hold the national, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations, lines, cables, systems, and other facilities of the grantee.

"SEC. 12. The grantee shall be subject to the corporation law of the Philippines now existing or hereafter enacted.

"SEC. 13. The franchise hereby granted shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when public interest so requires.

"SEC. 14. In the event of any other individual, partnership or corporation receiving from Congress a franchise to provide and conduct telecommunications services or businesses, or amendments to their already existing franchises in which there shall be any term or terms favorable than those herein granted, or tending to place the herein grantee at any disadvantage, then such favorable term or terms, and/or provisions shall *ipso facto* become part of the terms and/or provisions hereof, and shall operate equally in favor of the grantee as in the case of such other individual, partnership or corporation.

"In the like manner, if any provision providing a benefit to the grantee is nullified or repealed by a subsequent statute and subsequent to such repeal or nullification, the same provision, benefit or exemption is granted to another individual, partnership or corporation in its franchise to carry on telephone or communications business or amendments to their already existing franchise, such beneficial terms, provisions or exemption shall *ipso facto* be reconstituted and form part of the terms or provisions of the herein franchise and shall operate equally in favor of the grantee as in the case of such other individual, partnership or corporation.

"SEC. 15. Acceptance of this franchise by the grantee shall be given in writing six (6) months after approval of this Act. Upon acceptance by the grantee and upon approval of the bond aforesaid by Secretary of Transportation and Communications, the grantee shall be empowered to exercise the privileges granted thereby.

"Within sixty (60) days after effectivity of this Act, the grantee shall file with the Secretary of Transportation and Communications its written acceptance of this Act and all the terms and conditions hereof, and in default of such acceptance, within the time so limited, this Act shall become null and void."

SEC. 2. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Lapsed into law on March 9, 1995 without the President's signature, pursuant to Sec. 27(1), Article VI of the Constitution.